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Saudi Arabia

Poultry and Products

Semi-Annual Report

2005

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Report Highlights:

Saudi Arabian poultry production and import estimates for CY 2004 and CY 2005 remain unchanged since our 2004 Poultry Annual report. However, sales of broiler meat by Brazil, the largest supplier of broiler meat to Saudi Arabia, increased sharply in CY 2004 at the expense of French exports, which decreased substantially during the first ten months of CY 2004 compared to the same period in CY 2003.

Includes PSD Changes: No
Includes Trade Matrix: No
Semi-Annual Report
Riyadh [SA2]
[SA]

POULTRY PRODUCTION:

Saudi Arabian poultry production estimates for CY 2004 and CY 2005 remain unchanged since our August 2004 Poultry Annual Report ((GAIN SA4012) at 480,000 and 495,000 metric tons (mt) respectively.

PSD Table**Country****Saudi Arabia****Commodity****Poultry, Meat, Broiler (1000 MT)**

	2003 USDA Official [Old]	Revised Post Estimate [New] 01/2003	2004 USDA Official [Old]	Estimate Post Estimate [New] 01/2004	2005 USDA Official [Old]	Forecast Post Estimate [New] 01/2005
Market Year Begin						
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	520	468	530	480	0	495
Whole, Imports	350	388	355	390	0	395
Parts, Imports	40	42	40	45	0	48
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	390	430	395	435	0	443
TOTAL SUPPLY	910	898	925	915	0	938
Whole, Exports	20	20	20	20	0	20
Parts, Exports	0	5	0	5	0	5
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	20	25	20	25	0	25
Human Consumption	885	832	900	0	0	0
Other Use, Losses	5	5	5	5	0	5
Total Dom. Consumption	890	873	905	890	0	913
TOTAL Use	910	898	925	915	0	938
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	910	898	925	915	0	938
Calendar Yr. Imp. from U.S.	2	1	2	1	0	0

TRADE

Currently, the Kingdom relies on imports to satisfy about 50 percent of its total domestic consumption of broiler meat. Estimates for broiler meat imports, both whole and parts, in calendar year CY 2004 and CY 2005 remain unchanged from our estimates in August (435,000 mt for 2004 and 443,000 mt for this year.) Poultry imports into the Kingdom primarily consist of frozen whole birds.

Brazil, the dominant broiler meat exporter to Saudi Arabia, increased exports to the Kingdom by 15 percent in CY 2004 compared to CY 2003 (333,223 mt in CY 2004 vs. 288,556 mt in

CY 2003). On the other hand, exports from France, the second leading broiler meat supplier to the Kingdom, experienced a 26 percent decline for the first 10 months of 2004 compared to the same period in 2003 (68,633 vs. 92,681 metric tons). The continued appreciation in the value of euro compared to the U.S. dollar to which the Saudi riyal is fixed at a rate of 3.75, and the reportedly much lower Brazilian poultry production cost compared to French producers are expected to further increase Brazilian domination of the Kingdom's poultry import market this year at the expense of French broiler meat exports. Besides the appreciation of the Euro, another factor that had contributed to the decline in French poultry exports to Saudi Arabia is the reported decline in poultry production in France.

Traditionally, Saudi broiler meat importers increase significantly their imports a couple of months before the annual Haj season to stock up enough quantities in the expectation of huge demand by restaurants, catering companies and hotels that cater to more than 2.5 million Muslim pilgrims who come to Mecca for pilgrimage each year. Foreign pilgrims, who account for more than 50 percent of the total pilgrims, usually spend a few weeks in Mecca, Jeddah and Madina before and after Haj rituals.

Major Saudi frozen broiler meat traders expect imports from Brazil to be significantly reduced in the next few weeks due to at least two reasons:

1. Local poultry importers, who brought in huge quantities of Brazilian and French broiler meat last November & December to stock up for this year's Hajj Season (January 18-23, 2005), have been very disappointed by the less than expected sales. The Government's decision to restrict the movement of pilgrims outside of their camps reportedly resulted in less poultry meat sales by restaurants in major cities such as Jeddah and Madina. Hence traders anticipate that poultry meat imports will significantly decrease in the coming period in order for the market to consume available stocks and improve wholesale prices. Trading companies estimate that the market will need a few weeks to significantly reduce existing stocks.
2. According to the importers, Brazilian poultry prices (C&F) increased by as much as \$150 per metric ton since October 2004 to \$1,230 per metric ton for broiler meat bought in January for February delivery. The prices of French chickens are similar to those of Brazilian. The significant price increase in Brazilian frozen poultry meat is reportedly due to increased demand for Brazilian chicken in other markets such as Japan, Russia and EU countries as a result of the continued bird flu epidemic in Asian countries.

Note: Import figures for Brazilian and French broilers to the Kingdom are based on official data obtained from the two countries.